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No. 92-1750

In The

Supreme Court of the United States

October Term, 1993

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

REPLY BRIEF OF PETITIONER

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SUMMARY OF ARGUMENT

Both the plain language of Section 505 of the Copyright Act and an analysis of the policies underlying the Copyright Act demonstrate the inappropriateness of the Ninth Circuit's standard. Interpretations of similarly neutral, fee-shifting language in other contexts, such as civil rights legislation, do not apply here, where very different policies are present. Respondent's discussion of how the policies underlying the Copyright Act support the Ninth Circuit's standard is in every instance wrong or misguided. Respondent ignores the argument made by Petitioner that, like the defendants in this action, prevailing defendants can be authors who have copyrights which are validated by a judgment in their favor every bit as much as or more than a judgment in favor of a plaintiff copyright owner. Finally, Respondent fails to acknowledge the promotion of the "progress of science and useful arts" that results from a defendant author prevailing in a copyright action.

In arguing that Congress implicitly endorsed the current Ninth Circuit dual standard by passing the 1976 Copyright Act, Respondent merely places its own gloss on judicial applications of the fee-shifting provisions of the Copyright Act. Prior to the enactment of the 1976 Act, there was simply *no* uniform rule adopted by the judiciary which limited the discretion of the district courts in awarding attorney's fees to prevailing defendants solely to instances where the action was frivolous or brought in bad faith.[1] The Ninth Circuit standard improperly places such limitations on the district courts' discretion.

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[1] Or was "objectively unreasonable," as Respondent now puts it. (Respondent's Brief at 11.)

ARGUMENT

I. Respondent's "Frivolous or Objectively Unreasonable" Standard Would Improperly Limit the Broad Discretion Granted to District Courts in Awarding Attorney's Fees Under the Copyright Act.

Both the standard adopted by the Ninth Circuit for awarding attorney's fees to prevailing defendants in copyright cases and the standard proposed by Respondent suffer from the same defect: they seek to limit the district courts' discretion in a manner not supported by the language or legislative history of Section 505. The language of Section 505 is party-neutral and does not place limitations on the courts' discretion in deciding whether an award of attorney's fees is appropriate to either a prevailing plaintiff or to a prevailing defendant. *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 164, 105 S.Ct. 638, 645, 83 L.Ed.2d 556 (1985) (in construing federal statutes, appropriate to assume ordinary meaning of language employed by Congress accurately expresses legislative purpose).

An important and appropriate factor[2] for a court to consider in an application for attorney's fees by a prevailing defendant, which is ignored by the Ninth Circuit standard and Respondent's proposed standard, is whether the successful defendant has vindicated, or enforced, his or her own copyright in defending against the plaintiff's claims. Here, Fogerty is the "author" whose work is intended to be promoted by the Copyright Act under any sense of the term, since he was the

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[2] Other relevant considerations might include whether the defendant's success resulted in the expansion of the public domain; whether equitable principles would make it unjust for a defendant to bear the expense of defending against unsuccessful litigation; whether the cost of defending its copyright reduced the value of suc' copyright to the successful defendant; the ease or difficulty encountered by the fact-finder in ruling in the defendant's favor; whether the defendant prevailed on the merits or on a "technicality;" and, overall, whether an award of attorney's fees would further or retard the promotion of the arts and sciences. Such factors are closely tied to the underlying policies of the Copyright Act and the courts should be free to consider such factors in exercising their discretion.

creator of both works at issue. *Cf. Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166, 2171, 104 L.Ed.2d 811 (1989) (author is party who actually creates the work).[3] Here, Fogerty succeeded in establishing the originality and copyrightability of his work. To preclude awards of attorney's fees to defendants who have succeeded in vindicating their own copyrights absent a showing of frivolousness or bad faith would permit a reduction in the value of the defendant's copyrighted work with little hope of compensation therefore.[4]

II. Interpretations of Fee-Shifting Provisions in Civil Rights Legislation Relied Upon By Respondent Are Not Applicable Here, Where Very Different Underlying Policies Are Present.

Respondent argues that this Court's interpretation of similar[5] fee-shifting provisions in the context of civil rights litigation should govern the standard applied under the Copyright Act. This argument is flawed in at least three respects: (1) it ignores the fact that the policies underlying the Copyright Act are very different from those underlying civil rights legislation; (2) the legislative history of the civil rights attorney's fee statutes expressly supports a "dual" standard for awards of fees, whereas the legislative history of the Copyright Act provides no such support; and (3) fee-shifting statutes in other areas of federal law have not been consistently interpreted to apply differently to prevailing plaintiffs and prevailing defendants.

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[3] The fact that the defendant in this case was the author of both the alleged infringed and infringing works is merely a special case of the general rule that copyright defendants are themselves authors.

[4] As a result of having had to defend his copyright to "Old Man Down the Road" against Fantasy's unsuccessful claims, the value of that copyright to Fogerty has been reduced by over one million dollars.

[5] To say that the language of the statutes is similar is like saying that two blank canvases are "similar" paintings. The statutes simply "similarly" say that the court "may" award an attorney's fee to the "prevailing party" in its "discretion." These words alone provide no guidance for the exercise of such discretion.

Those fee-shifting statutes in which the Court has applied a different, stricter standard for awards of attorney's fees to prevailing defendants are generally related to public interest claims of some sort, in which the plaintiff is asserting a right which benefits others as well as *himself*. In contrast, the plaintiff in a copyright infringement action is asserting only his own property rights. This distinction is not unimportant in interpreting the application of fee-shifting provisions in the varying statutory schemes.[6]

A. The Policies and Objectives of the Copyright Act do not Support the Limited Discretion Imposed by the Ninth Circuit Standard.

Fantasy's policy arguments turn on the flawed premise that "authors" are synonymous with *plaintiffs* in copyright infringement actions. Respondent's argument is little more than a mirror that reflects whatever desired result is held before it, and the policies and objectives identified by Respondent are equally or better served by an evenhanded standard.

1. The Ninth Circuit "Dual" Standard Serves to Stifle, Not Stimulate, Artistic Creativity.

The Ninth Circuit rule could retard creativity, rather than stimulate it, particularly in the songwriting field. Respondent argues that the ultimate aim of a copyright infringement suit is "to stimulate artistic creativity for the general public good." (Respondent's Brief at 22.) In this case, Fantasy used a copyright purchased from *Petitioner* in an attempt to stifle the

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[6] Unlike the Copyright Act, the policies underlying the Civil Rights Act of 1964 and related civil rights legislation expressly support a standard for awarding attorney's fees that treats prevailing plaintiffs more favorably than prevailing defendants. Plaintiffs in civil rights cases act as private attorneys general and are "the chosen instrument of Congress to vindicate 'a policy that Congress considered of highest priority.' " *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 418, 98 S.Ct. 694, 54 L.Ed.2d 648 (1978) (quoting *Newman v. Piggie Park Enterprises*, 390 U.S. 400, 402, 88 S.Ct. 964, 966, 19 L.Ed.2d 1263 (1968)). *Cf. Hairline Creations, Inc. v. Kefalas*, 664 F.2d 652 (7th Cir. 1981) (attorney's fee provision in trademark statute serves different function than in civil rights statutes).

Petitioner's creativity by imposing liability on him for writing new songs in his own songwriting style. In this case, it was Fogerty's defense, not Fantasy's infringement claim, that served to stimulate artistic creativity, since, had he lost the case, Fogerty might not have written again.[7]

A significant flaw in Respondent's argument is its claim that "Progress of Science and Useful Arts," U.S. Const., Art. I, §8, Cl. 8, is secured *only* by claims of copyright owners and not by defenses against such claims. Such progress comes not only from granting copyright protection in the first place, but also from granting it only "for limited times." U.S. Const., Art.I, §8, Cl. 8. Progress of the arts also comes from having works fall into the public domain after a time and from limiting the scope of that which is protected by copyright, allowing the public to make free use of that which is outside the scope of copyright. The Ninth Circuit rule may tend to promote copyright litigation by encouraging plaintiffs to bring lawsuits, but fomenting litigation is not the same thing as stimulating creativity.

If an author is sued for subconsciously[8] copying a song, the added risk of having to pay the plaintiff's attorney's fees – on top of the plaintiff's damages and the songwriter's own profits – is so great that predictability in copyright enforcement may be greatly decreased. The goal of "predictable copyright enforcement" is not met simply by having plaintiffs win or defendants capitulate whenever infringement lawsuits are filed. "Copyright enforcement" includes, or should

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[7] His successful defense of this action also quite arguably stimulated the artistic creativity of all other songwriters who have characteristic personal writing styles and who have assigned the copyrights in their prior works to publishers with which they are no longer associated. Had Fantasy won this action, such publishers may have been encouraged to sue or threaten to sue those songwriters for infringement, thereby chilling their creative output.

[8] Infringement can result from *subconscious* as well as conscious copying. *See, e.g., Bright Tunes Music Corp. v. Harrisongs Music, Ltd.*, 420 F.Supp. 177 (S.D.N.Y. 1976), *aff'd sub nom ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988 (2nd Cir. 1983).

include, marking the outer limits of copyright and approving uses of copyrighted works outside those limits. Enforcement of a copyright and the defense of a copyright are merely two sides to the same coin and deserve equal treatment when awards of attorney's fees are considered.

2. In Applying a "Dual" Standard, the Ninth Circuit Does Not Necessarily Distinguish Between Innocent Parties and Wrongdoers.

An unsuccessful defendant is not a wrongdoer merely because he or she has been found to have infringed another's copyright, yet neither Section 505 nor the Ninth Circuit standard prohibits awards of attorney's fees against "innocent" infringers or defendants who did not knowingly or willfully infringe a copyright. *See, e.g., Frank Music Corp. v. Metropolitan-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1556 (9th Cir. 1989), *cert. denied*, 494 U.S. 1017, 110 S.Ct. 1321, 108 L.Ed.2d 496 (1990) (plaintiffs in copyright cases may be awarded fees "simply by virtue of prevailing").[9] Similarly, an unsuccessful plaintiff is not necessarily "innocent" where the lawsuit was not demonstrably frivolous or initiated in bad faith. Particularly in the copyright context, the concept of blameworthiness has little application. It simply does not follow, as Respondent suggests, that Fogerty would have been a wrongdoer had he lost this case. Simply put, the innocent party/wrongdoer distinction advanced by Respondent does not work in copyright cases as it might in cases involving civil rights and other types of public issues.

Although Fogerty sold the copyright to certain of his songs, he retained the legal right to write new songs, including new songs that were similar – so long as they were not *substantially* similar – to the songs whose copyrights he sold.

[9] The Ninth Circuit standard for prevailing *plaintiffs*, which is mirrored by other dual standard circuits, contradicts Fantasy's claim that the standard proposed by Fogerty is "unprecedented." Fogerty merely seeks to have the *same* standard applied to prevailing defendants as is presently applied to prevailing plaintiffs in Ninth Circuit copyright cases.

Fantasy attempted to deprive him of that right and required him to incur over one million dollars in fees to protect that right. Even if the action was not entirely frivolous or demonstrably brought in bad faith, Fantasy can hardly be said to be "innocent" considering its economic strong-arm tactics[10] or its attempt to discourage its former recording artist from creating and publishing new works through a competing record company.[11]

3. The Ninth Circuit Rule Provides No More Incentive for Defendants to Vigorously Defend Copyright Infringement Claims Than Would be Present if There Were No Fee-Shifting Provision.

Even without the application of Section 505 to prevailing defendants, a defendant who successfully defends against a frivolous or bad faith action would be entitled to recover attorney's fees under the rule set forth in *Alyeska Pipeline Service Co. v. Wilderness Society*, 421 U.S. 240, 95 S.Ct. 1612, 44 L.Ed.2d 141 (1975) and under F.R.C.P. Rule 11. Respondent's argument ignores the fact that defendants who face the prospect of incurring substantial attorney's fees without the likelihood of recovering such fees from a losing plaintiff unless they can prove that the action was frivolous or in bad faith will have an incentive to settle a copyright action. Payment of settlement funds to an underserving plaintiff does not further the purposes underlying the Copyright Act, and

[10] Fantasy withheld over one million dollars in royalties from Fogerty during the pendency of the litigation and joined Fogerty's new record company as a defendant.

[11] Even in the context of fee awards in civil rights cases, courts applying the dual standard set forth in *Christiansburg Garment Co. v. EEOC*, *supra*, have noted that when a civil rights plaintiff is a "corporate-type," as opposed to an individual, the courts should be more inclined to award fees to prevailing defendants. *See, e.g., Goldrich, Kest & Stern v. City of San Fernando*, 617 F.Supp. 557, 564 (C.D.Cal. 1985) (corporate plaintiffs are "certainly well equipped to finance a civil rights suit," and thus "the chilling effect of an award of attorney's fees to prevailing defendants as against a corporate-type plaintiff is de minimis").

acts as a chill to the very authors and creators whom the Copyright Act is intended to support. An evenhanded standard would better serve to promote the arts and useful sciences by providing greater incentives to defendants with meritorious defenses to vigorously litigate rather than to settle.

B. In Contexts Other than Civil Rights Litigation, Fee-Shifting Provisions Which Allow Awards of Fees to Prevailing "Parties" Have Been Given an Evenhanded Application.

While placing great emphasis on this Court's interpretation of the fee-shifting provisions set forth in civil rights legislation, Fantasy ignores case law interpreting *other* federal fee shifting statutes which have party-neutral language. In the context of patent legislation, which was authorized by the same constitutional provision upon which the Copyright Act is based, the Court is permitted "in exceptional cases" to award "reasonable attorney's fees" to the prevailing party.[12] 35 U.S.C. §285. Courts interpreting §285 of the patent legislation have interpreted the term "exceptional cases" to apply to cases where there is evidence of fraud, bad faith, gross negligence, unclean hands, or other unfair or inequitable conduct, where the prevailing party was *either* a plaintiff or a

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[12] That Congress did *not* intend to limit awards of attorney's fees in copyright cases to either the prevailing plaintiff or prevailing defendant to instances of frivolous or bad faith conduct is further exemplified by the fact that, when Congress intended to so limit fee awards in similar contexts, it did so expressly. Congress expressly amended the fee-shifting provision of the trademark legislation, 15 U.S.C. §1117, in 1975, prior to the amendment of the Copyright Act, to codify existing law limiting awards of attorney's fees to the prevailing party and to overrule this Court's decision in *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 720-721, 87 S.Ct. 1404, 18 L.Ed.2d 475 (1967). Similarly, Congress expressly amended the patent legislation, 35 U.S.C. §285, in 1952 to codify existing case law limiting awards of attorney's fees to "exceptional cases." S. Rep. No. 1979, 82 Cong., 2nd Sess. (1952), *reprinted in* 1952 U.S. Code Cong. & Ad. News 2394, 2423. Having included no such limitation in the 1976 amendment to the Copyright Act, it can be inferred that Congress did *not* intend to place similar limitations on awards of attorney's fees to prevailing parties in the copyright context.

defendant.[13] Indeed, one court has expressly addressed the question of whether different standards should apply to prevailing plaintiffs and defendants under the patent legislation, and concluded that "there is and should be no difference in the standards applicable to patentees and infringers who engage in bad faith litigation." *Eltech Systems Corporation v. PPG Industries Inc.*, 903 F.2d 805, 811 (Fed.Cir. 1990). In so holding, the *Eltech* court emphasized that the "different interests of the patentee and alleged infringer are adequately taken into account in the required evaluation of the totality of the circumstances." *Id.*

In contexts outside of copyright law where a "dual" standard (albeit a different "dual" standard than that of the Ninth Circuit) has been applied to awards of statutory attorney's fees, the legislative history of such statutes (unlike that of the Copyright Act) has expressly supported a dual standard. Thus, in the context of Lanham Act trademark claims, the legislative history indicated that a showing of bad faith by a defendant was required in order for a prevailing *plaintiff* to recover attorney's fees, but no such showing was required in order for prevailing defendants to recover their fees.[14] S. Rep. No. 1400, 93rd Cong., 2d Sess., *reprinted in* 1974 U.S.Code Cong. & Admin. News 7132, 7136-37. In *Scotch Whisky Association v. Majestic Distilling Co., Inc.*, 958 F.2d 594, 600 (4th Cir. 1992) *cert. denied* ___ U.S. ___, 113 S.Ct. 181, 121 L.Ed.2d 126 (1992), the Fourth Circuit noted the distinction between prevailing plaintiffs and defendants in the legislative history, and held:

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[13] *See, e.g., Burndy Corporation v. Kearney-National, Inc.*, 466 F.Supp 80, 91-92 (S.D.N.Y. 1979) *aff'd without op.* 614 F.2d 1286 (2d Cir. 1979), *cert. denied*, 449 U.S. 822, 101 S.Ct. 82, 66 L.Ed.2d 25 (1980) (denying prevailing plaintiff's motion for attorney's fees in absence of evidence of defendant's fraud, bad faith, gross negligence, or unclean hands); *Maurice A. Garbell, Inc. v. Boeing Co.*, 546 F.2d 297, 300 (9th Cir. 1976), *cert. denied*, 431 U.S. 955, 97 S.Ct. 2677, 53 L.Ed.2d 272 (1977) (upholding award of attorney's fees to prevailing defendant; case was exceptional because plaintiff acted in bad faith in its dealings with the Patent Office).

[14] Interestingly, the "dual" standard adopted in trademark cases is directly opposite to that adopted by the Ninth Circuit in copyright cases.

> "Significantly, in discussing fee awards to plaintiffs, the report speaks of acts characterized as 'malicious, fraudulent, deliberate and willful.' Notably absent in the discussion relating to fee awards to prevailing defendants is language suggesting a requirement of bad faith. This is consistent, we think, with the report's discussion of attorney fees to a plaintiff as completing his remedy whereas the discussion of fees for a winning defendant is couched in terms of providing the only remedy. . . . A prevailing defendant who has been wrongfully charged of falsely designating origin has only one source of restitution, recovery of attorney fees."[15]

III. The Sparse Legislative History of Section 505 Does Not Support the Limits on the Court's Discretion Imposed By the Ninth Circuit Standard.

Neither the 1961 report delivered to Congress by the Register of Copyright, nor the majority of attorney's fees cases decided under the 1909 Copyright Act, nor the studies relied upon by Fantasy endorsed the dual standard for an award of attorney's fees. While the dual standard applied to fee-shifting provisions of federal civil rights legislation relied upon by Respondent finds substantial (and express) support in the legislative history of such legislation,[16] the legislative history of the Copyright Act does not support the imposition of any particular standard to awards of attorney's fees and does not support an interpretation which limits the courts' discretion in awarding fees to prevailing defendants. The very section of the 1961 of the report of the Register of Copyrights relied upon by Respondent draws no distinction whatsoever

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[15] *See also Noxell Corporation v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521, 526 (D.C. Cir. 1985) (bad faith of plaintiff not required for "exceptional" circumstances justifying fee award to prevailing defendant under Lanham Act; legislature did not intend "exceptional" to mean "hardly ever").

[16] *See, e.g.*, S. Rep. No. 94-1011, 94th Cong. 2d Sess. 4-5 (1976) *reprinted* in U.S. Code Cong. & Admin. News 1976, pp. 5908-5913; H. Rep. No. 94-1558, 94th Cong. 2d Sess. 2-8 (1976).

between the entitlement of plaintiffs and of defendants to attorney's fees under the 1909 Act. The report simply endorses the discretion of federal judges with respect to awards of attorney's fees under the 1909 Act and certainly does not limit the court's discretion to award attorney's fees to prevailing defendants in the manner that the Ninth Circuit has adopted.

A. While Frivolousness and Bad Faith Were Factors Considered by Some Courts in Awarding Attorney's Fees Under the 1909 Copyright Act, There was No Prevailing Standard, Like That of the Ninth Circuit, Which Placed Absolute Limits on the District Court's Discretion.

Respondent relies upon numerous cases decided under the 1909 Act in arguing that the current Ninth Circuit Standard prevailed prior to enactment of the 1976 Act. However, a review of the cases demonstrates that there was a wide range of discretion in the courts' determinations which was not limited by the constraints imposed by the present Ninth Circuit standard nor by the "objectively unreasonable" standard proposed by Fantasy.[17]

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[17] *See, e.g., Cain v. Universal Pictures Co.*, 47 F.Supp. 1013, 1019 (S.D. Cal. 1942) (allowance of fees to prevailing party is discretionary and should not be awarded unless equity considerations exist which calling for penalization of losing party; here, relationship of parties and circumstances do not warrant award to any party); *Caruthers v. R.K.O. Radio Pictures, Inc.*, 20 F.Supp. 906, 908 (S.D.N.Y. 1937) (denying fees due to lack of jurisdiction, since claims were based on common law copyright and not federal copyright act; noting in dicta that the denial of fees was made "with reluctance" because plaintiff's claims were wholly unfounded); *C.S. Hammond & Co. v. International College Globe, Inc.*, 210 F.Supp. 206, 219 (S.D.N.Y. 1962) (denying attorney's fees to prevailing defendant in copyright and unfair competition action due to absence of claim of harassment or reason to doubt plaintiff's good faith; no mention of attorney's fee provision or any standard for awarding fees thereunder); *Advertisers Exchange, Inc. v. Anderson*, 144 F.2d 907, 909 (8th Cir. 1944) (affirming denial of award of attorney's fees to prevailing defendant in action where plaintiff had failed to affix the form of copyright notice required by statute, deferring to discretion of district court); *Burnett v. Lambino*, 206 F.Supp. 517 (S.D.N.Y. 1962) (court exercised discretionary powers to award

The *only* pre-1976 Act case cited by Fantasy which expressly adopted a "dual" standard similar (though not

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fees to prevailing defendants, finding that although claim was not "wholly synthetic" or "fantastic," it was demonstrably lacking in merit and clearly unreasonable, and on such facts plaintiff should not be allowed to charge plagiarism with impunity); *Overman v. Loesser*, 205 F.2d 521, 524 (9th Cir. 1953), *cert. denied*, 346 U.S. 910, 74 S.Ct. 241, 98 L.Ed. 407 (1953) (since case was hard fought, involved complex question of law, and no indication that appeal pursued in bad faith, attorney's fees denied to prevailing defendant); *Official Aviation Guide Co. v. American Aviation Associates*, 162 F.2d 541, 543 (7th Cir. 1947) (award of attorney's fees under the 1909 Copyright Act "wholly discretionary;" where case hard fought and prosecuted in good faith, presented complex problem in law, and no further facts or circumstances indicated that court abused discretion, denial of fees was proper); *Corcoran v. Columbia Broadcasting System, Inc.*, 121 F.2d 575, 576 (9th Cir. 1941) (not an abuse of discretion to award fees to prevailing defendant where trial court found suit "without justification, either in law or in fact," despite finding that companion case was filed in good faith and raised unresolved issue of law); *Morse v. Fields*, 127 F.Supp. 63, 69 (S.D.N.Y. 1954) (denying attorney's fees to prevailing defendant where claim not capricious or unreasonable and judgment for defendant was result of thorough and difficult consideration of multitude of inferences to be drawn from evidence); *Krafft v. Cohen*, 38 F.Supp. 1022, 1023 (E.D.Pa. 1941) (fees denied to defendant where judgment for plaintiff for infringement was reversed due to defective copyright notice; defendants knowingly copied and profited from plaintiff's work and plaintiff brought action in good faith); *Metro Associated Services, Inc. v. Webster City Graphic, Inc.*, 117 F.Supp. 224, 234, 236 (N.D.Iowa 1953) (without reference to any standard other than discretionary nature of awards of fees under copyright act, court denied fees to prevailing defendant where plaintiff gave legally ineffective copyright notice); *Kinelow Publishing Co. v. Photography In Business, Inc.*, 270 F.Supp. 851, 855 (S.D.N.Y. 1967) (where plaintiff's claim for infringement was dismissed because plaintiff was mere licensee and not copyright owner, and where plaintiff's claims were lacking in merit but not unreasonable or capricious, fees to defendant not awarded); *Lewys v. O'Neill*, 49 F.2d 603 (S.D.N.Y. 1931) (fees awarded to defendant without discussion of any standard; Congress left courts free to adopt "wise English practice" of placing expense of litigation on losing party); *Leow's Incorporated v. Columbia Broadcasting System*, 131 F.Supp. 165, 186 (S.D.Cal. 1955), *aff'd sub nom Benny v. Leow's, Inc.*, 239 F.2d 532 (9th Cir. 1956), *aff'd without op. by equally divided court*, 356 U.S. 43, 78 S.Ct. 667, 2 L.Ed.2d 583 (1958) (awards of attorney's fees are matter of discretion; where case was treated as "test case" with no authorities squarely on point, interest of justice served by denying fees to prevailing plaintiff); *Lowenfels v. Nathan*, 2 F.Supp. 73, 80-81 (S.D.N.Y. 1932) (in case that was "long shot" for plaintiff that was "so earnestly argued and carefully briefed," unsuccessful plaintiff "must be made to pay for the expense to which he put the defendants"); *Mailer v. RKO Teleradio Pictures, Inc.*, 332 F.2d 747, 749-50 (2d Cir. 1964) (affirmed award

identical) to that espoused by Fantasy here was a 1967 case in the Southern District of New York. *Breffort v. I Had a Ball Company*, 271 F.Supp. 623 (S.D.N.Y. 1967). None of the numerous other pre-1976 cases *required* a showing of frivolousness or bad faith in order for a prevailing defendant to recover attorney's fees or purported to set a standard similar to that of the Ninth Circuit. These early cases merely held that, under the facts of the particular case, it was appropriate to either award or deny fees to the prevailing defendant, and there appears to have been a great variety of circumstances in which fees were or were not awarded.

For example, in *Rose v. Connelly*, 38 F.Supp. 54, 56 (S.D.N.Y. 1941), the district court evaluated all of plaintiff's evidence and granted summary judgment to the defendant, finding the plaintiff's briefing to have been "able," but concluding that the similarities between plaintiff's and defendant's plays were of public domain elements. The court then

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of attorney's fees to prevailing defendant under circumstances where plaintiff "had a legal argument" but whether argument was "good as a matter of conscience is a matter of more doubt" and where plaintiff attempted to use highly technical argument to extract unfair penalty from defendants); *Greenbie v. Noble*, 151 F.Supp. 45, 70 (S.D.N.Y. 1957) (where copying not established after consideration of all evidence but where plaintiff commenced action in good faith, court exercised discretion in rejecting prevailing defendant's request for counsel fees); *Gardner v. Nizer*, 396 F.Supp. 63, 64 (S.D.N.Y. 1975) (where plaintiff's action bordered on unreasonable, but was not frivolous or brought in bad faith and plaintiff was senior citizen with little income who relied on counsel's advice in bringing action, no fees awarded); *Edward B. Marks Music Corporation v. Continental Record Company*, 222 F.2d 488, 492-3 (2d Cir. 1955), *cert. denied*, 350 U.S. 861, 76 S.Ct. 101, 100 L.Ed. 764 (1955) (attorney's fees incurred in unsuccessful appeal by plaintiff not awarded to defendant; although court had discretion to award fees, in this case action was not vexatious, involved novel question of statutory interpretation and no reason to question good faith of plaintiff); *Jerome v. Twentieth Century-Fox Film Corp.*, 71 F.Supp. 914, 915 (S.D.N.Y. 1946) (court should consider all facts peculiar to case in deciding whether to award fees); *Rose v. Bourne*, 176 F.Supp. 605, 612 (S.D.N.Y. 1959), *aff'd* 279 F.2d 79 (2d Cir. 1960), *cert. denied* 364 U.S. 880, 81 S.Ct. 170, 5 L.Ed.2d 103 (1960) (no standard for fee awards set out and no limitations on discretion discussed; court merely balanced various aspects of case); *Continental Casualty Co. v. Beardsley*, 253 F.2d 702 (2nd Cir. 1958), *cert. denied* 358 U.S. 816, 79 S.Ct. 25, 3 L.Ed.2d 58 (1958) (denial of fees is matter for court's discretion; no standard set forth).

awarded attorney's fees to the prevailing defendant without much discussion and certainly without articulating any standard for such awards. On reargument, the court added that the plaintiff's contention that fees were not warranted because the defendant had refused to honor an agreement to arbitrate the claim had no merit, since the allowance of fees was *not* "punitive in nature."[18] *Id.* at 56.

In *Shapiro, Bernstein & Co. v. 4636 S. Vermont Ave., Inc.*, 367 F.2d 236 (9th Cir. 1966), the Ninth Circuit reversed an award of attorney's fees to a prevailing defendant, finding that the evidence did not support the district court's finding that the plaintiff had brought the suit in bad faith, since the applicable Supreme Court cases were "sufficiently susceptible" to the plaintiff's interpretation. *Id.* at 243. However, in *Shapiro, Bernstein & Co.*, the plaintiff had *succeeded* in proving infringement but was unable to prove any damages.[19] The defendant was found to be the prevailing party only because of a local rule which provided that a plaintiff who succeeds at trial but does not recover more than what had been offered in settlement is not a prevailing party. *Id.* Nothing in the court's opinion purports to set a general standard for awards of attorney's fees to prevailing defendants or to limit such awards only to cases in which bad faith or frivolousness could be established.

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[18] There appears to have been a great deal of disagreement among the district and appellate courts as to the underlying rationale for awards of attorney's fees in copyright cases under the 1909 Copyright Act. Some courts state that the purpose of such awards is to compensate the successful party. *See, e.g., Lowenfels v. Nathan, supra*, 2 F.Supp. at 80-81; *Rose v. Connelly, supra*, 38 F.Supp at 56; *cf. Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 399, 60 S.Ct. 681, 684, 84 L.Ed. 825 (1940) (object of damage provisions of copyright act is not to inflict punishment but to award injured copyright owner only that which fairness requires and nothing more). Other courts hold that the purpose of such awards is to punish the losing party. *See, e.g., Gardner v. Nizer, supra*, 396 F.Supp. at 64; *Rose v. Bourne, supra*, 176 F.Supp. at 612; *Barton Candy Corp. v. Tell Chocolate Novelties Corp.*, 178 F.Supp. 577, 584 (E.D.N.Y. 1959).

[19] Such a circumstance would certainly constitute an "exceptional" circumstance under the standard proposed by Fogerty that would support a district court's discretionary denial of fees.

The court in *Davis v. E.I. DuPont de Nemours & Co.*, 257 F.Supp. 729, 732 (S.D.N.Y. 1966) did not adopt or endorse a dual standard for fee awards under the Copyright Act. In fact, the *Davis* court expressly stated that it was not applying a "dual" standard in deciding to award fees to the prevailing plaintiff, but, instead, analyzed the facts particular to that case:

> "I will decide this application not on the basis of whether the award is sought by a successful plaintiff, rather than a successful defendant, but upon other general principles found in the relevant decisions."

Id. at 732.

In *Cloth v. Hyman*, 146 F.Supp. 185 (S.D.N.Y. 1956), the court expressly recognized that the attorney's fee provision of the 1909 Copyright Act

> "does not exposit the public policy[20] to be effectuated by the Court's exercise of its discretion in awarding 'a reasonable attorney's fee' to the prevailing party. *Nor does the statute suggest a formula or standard of evaluation.*"

Id., at 192-193 (emphasis added). The court then noted that it is proper to award fees where it is shown that a copyright action was brought in bad faith and the real motive of the action was to "vex and harass" the defendant or where the plaintiff's claim was clearly lacking in merit. *Id.* at 193. However, there is a great distinction between finding it proper to award fees where bad faith or lack of merit is shown and *requiring* such a finding before fees may be awarded.[21]

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[20] In a footnote, the court in *Cloth v. Hyman* noted that "[t]he public policies to be subserved by the sanction of awarding counsel fees may vary from field to field. Unless cognate policies are to be enforced, the decisions in one field would not be valid analogies in another." *Id.* at 192 n. 6.

[21] Similarly, the *Cloth v. Hyman* court's recognition that some cases have not allowed an award of attorney's fees where an infringement claim was "not synthetic, capricious or otherwise unreasonable," *id.* at 193, is not the equivalent of a standard that limits a court's discretion by absolutely *prohibiting* awards of attorney's fees under such circumstances, regardless of other considerations that might properly come into play.

Burns v. Twentieth Century-Fox Film Corp., 75 F.Supp. 986, 993 (D.Mass. 1948) also did not set forth any standard similar to that adopted by the Ninth Circuit or proposed by Fantasy. In *Burns*, the court, after hearing evidence in the case, entered judgment in the defendant's favor, finding that there was no credible evidence of access by the defendant to the plaintiff's book and that a review of the two works at issue demonstrated that no copying occurred. *Id.* at 987. After ruling on the merits, the court awarded attorney's fees to the prevailing party – the defendant – as a matter of course, without any discussion of any standard requiring a showing of bad faith, frivolousness, or "objective unreasonableness." *Id.* at 993.

As a review of the cases decided under the 1909 Act demonstrates, a great variety of reasons were given by the district courts in granting or denying fees to prevailing defendants, and the factors evaluated were not limited solely to whether the action was frivolous or brought in bad faith. In fact, in several cases, fees were awarded to prevailing defendants as a matter of course. *See, e.g., Burns v. Twentieth Century-Fox Film Corp., supra*, 75 F.Supp. at 993; *Lewys v. O'Neill, supra*, 49 F.2d at 618; *Marks v. Leo Feist, Inc.*, 8 F.2d 460, 461 (2d Cir. 1925).

B. The Copyright Office Studies Relied Upon by Respondent Do Not Provide Support for The Limited Discretion Granted by The Ninth Circuit Standard.

Respondent's argument that Congress "ratified" the standard adopted by the Ninth Circuit when it enacted the 1976 Copyright Act without revising Section 505's attorney fee provision fails, both because there was no "prevailing" judicial construction of the statute and because there is no evidence in the legislative history that Congress was aware of any particular standard for awarding attorney's fees under the

Copyright Act.[22] The studies submitted to the United States Copyright Office upon which Respondent relies neither discuss nor endorse a dual standard for awards of attorney's fees under Section 505's predecessor, Section 116 of the 1909 Copyright Act.

The first report relied upon by Respondent in arguing that the 1976 Copyright Act adopted the Ninth Circuit standard for awarding attorneys fees is William S. Strauss, *The Damage Provisions of the Copyright Law*, Copyright Study No. 22, 86th Cong., 2d Sess. 31 (Comm. Print 1960) ("Strauss Report"). The entire text of the Strauss report relating to the attorney's fee provisions of the 1909 Copyright Act reads:

> "Weil stated the reason for discretionary awarding of attorney's fees as follows:
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> > 'The amount of money frequently involved in copyright litigation, especially on the part of the defendant is trifling. The expense of any litigation is considerable. Unless, therefore, some provision is made for financial protection to a litigant, if successful, it may not pay a party to defend rights, even if valid, a situation opposed to justice * * * . It is increasingly recognized that the person who forces another to engage counsel either to vindicate, or defend, a right should bear the expense of such

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[22] While Fantasy goes to great lengths to argue that Congress must have ratified or adopted the Ninth Circuit's dual standard in enacting Section 505 without substantially changing its language, no such conclusion is warranted. Congress' silence may mean nothing at all. *See, e.g., Community for Creative Non-Violence v. Reid, supra*, 109 S.Ct. at 2177 (rejecting argument that Congress meant to incorporate line of 1909 Act cases re employment relationship into 1976 Act; "[o]rdinarily 'Congress' silence is just that – silence' ") (citations omitted). The legislative history of the Copyright Act demonstrates that Congress knew how to codify the common law when it intended to do so. *See, e.g.*, H. Rep. No. 94-1476, 94th Cong., 2d Sess. 139 (1976) (noting that preservation of language of renewal provisions in 17 U.S.C. §304 without change in substance was intended to adopt meaning given to "posthumous work" in a Second Circuit case); H. Rep. No. 94-1476, 94th Cong., 2d Sess., 65-66 (1976) (giving express statutory recognition of judicial doctrine of fair use and stating that 17 U.S.C. §107 was "intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way").

> engagement and not his successful opponent * * * .' (Footnote omitted)
>
> The Vestal, Sirovich, Daly, Duffy and Shotwell bills contemplated no changes in the provision concerning costs and attorney's fees.
>
> The cases indicate that this discretion has been judiciously exercised by the courts. (Footnote omitted)[23]."

Rather than supporting a dual standard for awarding attorney's fees the text of the Strauss Report supports the broader, evenhanded rule advanced by Petitioner. No mention is made by Strauss of frivolous or bad faith claims, nor is there any reference to any intent to punish wrongdoing through awards of fees. According to the Strauss Report, the purpose of a discretionary award of attorney's fees in copyright cases is *not* to punish wrongdoing or frivolous conduct, but, rather, is to provide "financial protection" against the "considerable" expense of litigation where a party either successfully vindicates or successfully *defends* a "right."[24] Here, the author of a copyrighted work vindicated his copyright and defended his right to create new works in the songwriting style for which he became famous. In the process of defending his copyright against Fantasy's claims in this action, Fogerty incurred more than a "considerable" expense

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[23] The cases referred to in the Strauss Report footnote regarding "judicious exercise" of the discretion granted by the Copyright Act are not cited for any particular proposition, nor, as is shown in Section III(A) and footnote 17, above, do they set forth any standard which limits the district courts' discretion to award fees to prevailing defendants.

[24] Fantasy's reference to the Federalist Papers in support of the argument that the defense of infringement claims does not serve to promote the progress of arts and sciences is misguided. *See*, J. Madison, *The Federalist* No. 43, at 309 (B. Wright ed. 1961). As a matter of historical fact, it was probably a reference to the desire of the new republic to grant a copyright to "authors" rather than to "publishers," as had been the case in England. *See, e.g.*, Howard Abrams, *The Historic Foundation of American Copyright Law: Exploring the Myth of Common Law Copyright*, 29 Wayne L. Rev. 1119 (1983). Hence, Madison's reference to "claims" applies to defendant authors who uphold their own copyrights as well as to plaintiff authors who enforce a copyright.

in attorney's fees, and the quoted passage from Weil regarding the purpose of the fee-shifting provision is directly applicable to Fogerty's defense of his copyrighted work.

The second report relied upon by Fantasy also provides no support for its arguments. Ralph S. Brown, Jr., *The Operation of the Damage Provisions of the Copyright Law: An Exploratory Study*, Copyright Office No. 23, 86th Cong., 2d Sess. 84-86 (Comm. Print 1960) ("Brown Report"). The Brown Report sets forth no standard for awards of attorney's fees to prevailing plaintiffs or defendants and does not place limitations on the exercise of the courts' discretion. The Brown Report noted that "courts do not usually make an allowance at all if an unsuccessful plaintiff's claim was not 'synthetic, capricious or otherwise unreasonable,' or if the losing defendant raised real issues of fact or law," *id.* at 85, but did not state or cite any cases for the proposition that fees could *only* be awarded in such circumstances.[25]

The Brown Report also did not, as Respondent suggests, purport to "survey the prevailing case law" (Respondent's

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[25] In fact, the cases cited in the Brown Report support a conclusion that Congress, in enacting the 1976 Copyright Act, cannot be assumed to have ratified and adopted any particular standard for awarding fees in copyright cases. *Marks v. Leo Feist, Inc., supra*, did not even arguably adopt the Ninth Circuit standard. After noting the American rule that parties bear their own counsel fees in litigation, the *Marks* court stated that Congress "has seen fit to change the rule insofar as copyright cases are concerned." *Id.*, 8 F.2d at 461. The court noted that whether to award fees under the copyright act is a matter left to the trial court's discretion and then affirmed the award of fees to the prevailing defendant but modified the *amount* of the fees, setting out a standard for determining the "reasonableness" of the amount of a fee award. *Id.* The award of attorney's fees to the defendant in *Marks* thus appears to have been made as a matter of course, without the articulation of any standard limiting the court's discretion. The remaining cases cited in the Brown Report also did not adopt any absolute standard for awards of attorney's fees, but, rather, demonstrate the exercise of discretion under varying facts. *See, e.g., Eisenschiml v. Fawcett Publications, Inc.*, 246 F.2d 598, 603-4 (7th Cir. 1957), *cert. denied* 355 U.S. 907, 78 S.Ct. 334, 2 L.Ed.2d 262 (1957) (while not free from doubt, findings of special master and of district court that defendant did not substantially copy were affirmed as not clearly erroneous despite questionable ethics of defendant, but award of attorney's fees reversed because case involved close question and was not entirely without merit); *Cloth v. Hyman, supra*, 146 F.Supp. at 193; *Caruthers v. R.K.O. Radio Pictures, Inc., supra*, 20 F.Supp. at 908.

Brief at 48). Rather, the Brown Report's general statements regarding fee awards are expressly qualified with a recognition that the cases are far from uniform:

> "These observations about attorney's fees are not intended as an exhaustive treatment of the subject. The cases disclose a variety of miscellaneous reasons for denying fees, or for setting them at a particular figure. . . . "

Thus, despite Respondent's attempt to imply the adoption of the Ninth Circuit standard into the enactment of Section 505, neither the legislative history nor the studies leading up to the revision provide any indication that Congress was aware of any existing judicial interpretation of the attorney's fee provision that limited the court's discretion in awarding fees to prevailing defendants.

CONCLUSION

Petitioner Fogerty respectfully requests that the Court reject the Ninth Circuit standard and adopt an evenhanded standard for awards of attorney's fees under Section 505 that does not distinguish between prevailing plaintiffs and defendants and that allows the district courts, in their discretion, to award attorney's fees to defendants under the same circumstances as they presently award fees to plaintiffs. The Court should reverse the denial of Petitioner's application for an award of attorney's fees and remand to the district court for consideration under the above standard.

Respectfully submitted,

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